



Annual Results Presentation
2013/2014

Peter Simmonds & Milan Patel

13 October 2014

Introduction

Director profiles

Experienced executive management team complimented by a non-executive board with significant AIM Public Company experience and industry knowledge.

Executive Board



Peter Simmonds, FCCA
CEO



Simone Barratt
Deputy CEO
(Designate CEO)



Simon Bird
President & Co-Founder



'Tink' Ian Taylor
President & Co-Founder



Milan Patel, ACCA, ACSI
CFO &
Company Secretary

Non-Executive Board



Frank Beechinor-Collins
Non-Executive Chairman



Richard Kellet-Clarke
Non-Executive Director

Company background

dotdigital group was established in 1999. Originally providing a wide range of digital marketing services, it is now totally focused on its email marketing platform which is the top UK email marketing provider.

People & Places

179 staff

- Sales & Marketing 71 people
- IT & Development 51 people
- Client Services 31 people
- Other 26 people

UK offices

- Croydon Headquarters
- London Bridge Sales & Demonstrations
- Manchester Regional Sales office
- Edinburgh Regional Sales office

International offices

- New York, USA Sales office
- Minsk, Belarus Offshore Development

Significant Shareholders

Management

- Ian (Tink) Taylor 14.2%
- Simon Bird 11.4%
- Peter Simmonds 3.4%

Institutions

- Liontrust Investment Holdings 8.8%
- Investec Asset Management Ltd 8.7%
- Old mutual 7.8%
- River & Mercantile 7.0%
- Herald Investment Trust Plc 4.1%
- Unicorn 3.5%
- Franklin Templeton 3.4%

* Free float: 71%

Timeline

“Whilst our business has changed almost unrecognisably from our formation in 1999, some qualities remain: a commitment to excellence, dedicated people and a profitable business model.”

Tink Taylor
President & Co-Founder

COMPANY EARLY DAYS

- 1999**
Ellipsis Media set up as web design and development agency. Opened first office
- 2000**
Hired first employee
- 2001**
Built email broadcaster tool
- 2002**
Launched 'dotMailer'
- 2003-2005**
Developing sales people and infrastructure
- 2006**
Agreed the strategy to build dotMailer brand and user base
- 2006**
Rebuilt the email marketing platform

PLUS MARKET LISTED
SHARE PRICE 3.75p
MARKET CAP £10m

2008

- Won award for Deloitte Fast 500 Tech Co in EMEA
- Launched the landing page builder
- Ellipsis changes name to dotMailer
- Sent first emailing on new platform

Revenue £2.5m
EBITDA £0.8m

2009

- Won NB Awards Growth Strategy of the year
- Acquired Netcallidas Search Market Co
- Deloitte Fast 500 Tech Co's in EMEA
- Integrated dotMailer with Dynamics
- Launched Easy Editor, SMS and services dept
- Employee share options

Revenue £4.8m
EBITDA £1.1m

2010

- Deloitte Fast Track 500 Tech in EMEA
- Integrated dotMailer with sales Logix
- Wins Croydon business awards for 'best medium sized business'
- Annual sent email volume reaches a billion

Revenue £6.0m
EBITDA £1.5m

2011

- Admission to AIM
- Launched social media management
- Translated the platform into eight languages
- Wins Croydon business awards for 'Best medium sized business'

Revenue £9.0m
EBITDA £2.6m

AIM LISTED
SHARE PRICE 7.875p
MARKET CAP £21m

2012

- Integrated dotMailer with Salesforce
- Launched segments
- Won the 'Ruben de Honneur' Awards at the European Business Awards for 'Best Mid Sized Business'

Revenue £12.0m
EBITDA £3.4m

2013

- Closed dotAgency business
- Integrated dotMailer with Magento
- Started accelerated investment strategy
- Opened New York Office

Revenue £13.8m
EBITDA £4.1m

2014

- Rebranded company and updated dotmailer interface
- Celebrated 15 years of business by opening a new London office
- 53 new staff join the business, taking total number employed to 179.

Revenue £16.4m
EBITDA £4.7m

AS OF 30/06/2014
SHARE PRICE 33.13p
MARKET CAP £94m



Financials

6 year growth trends

Strong growth in revenue, EBITDA and cash over the past six years

243%

Revenue growth

292%

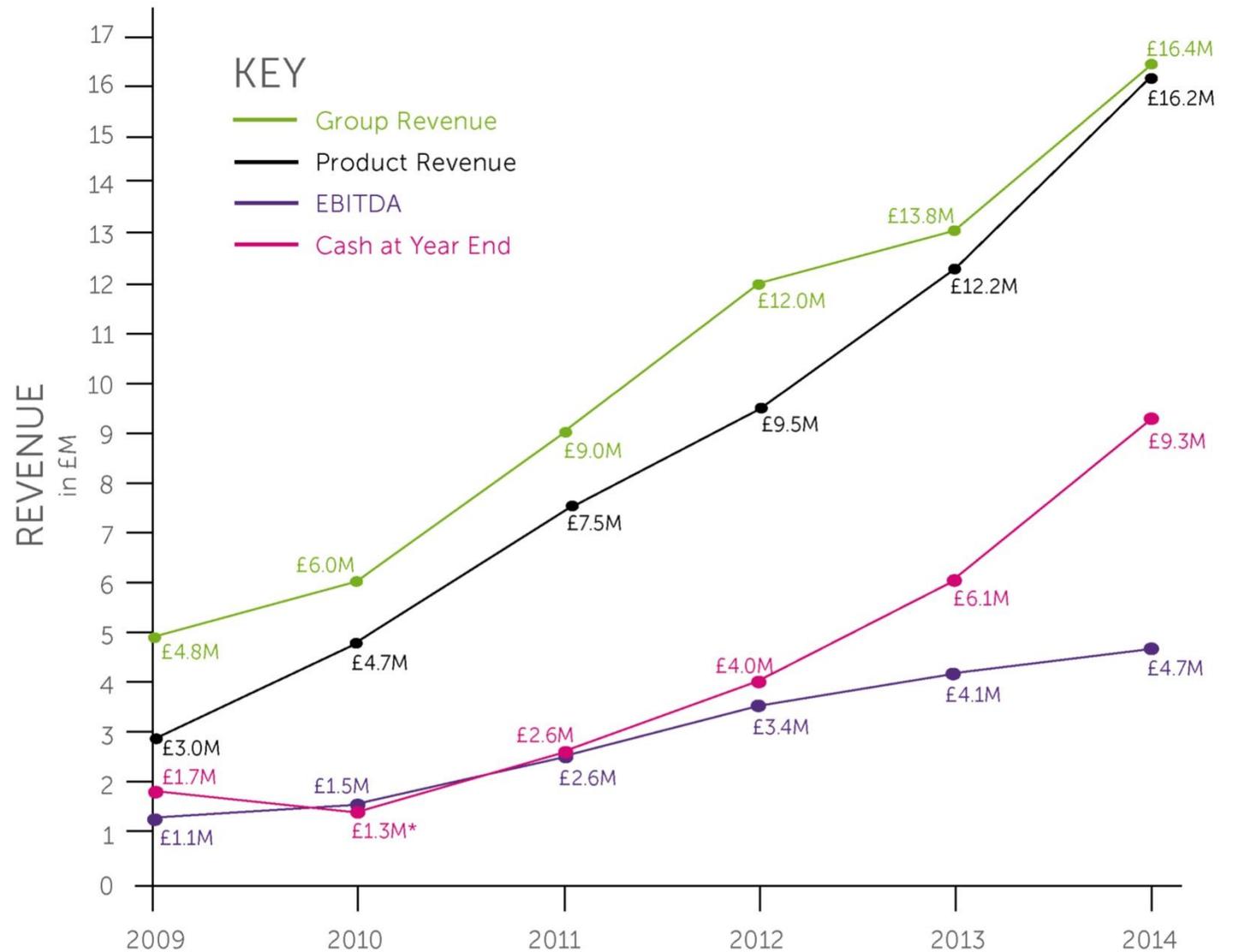
EBITDA Growth

26%

EBITDA CAGR

23%

Revenue CAGR



Key trading highlights

12 months to 30/06/2014

Solid financial performance

Full year EBITDA £4.7m - ahead of market expectations.

Strong cash position

£9.3m at 30th June after capital expenditure and product development of £2.0m.

Continued growth in new business

Performance due to continued strong new business sales and growth in recurring monthly revenues from dotmailer.

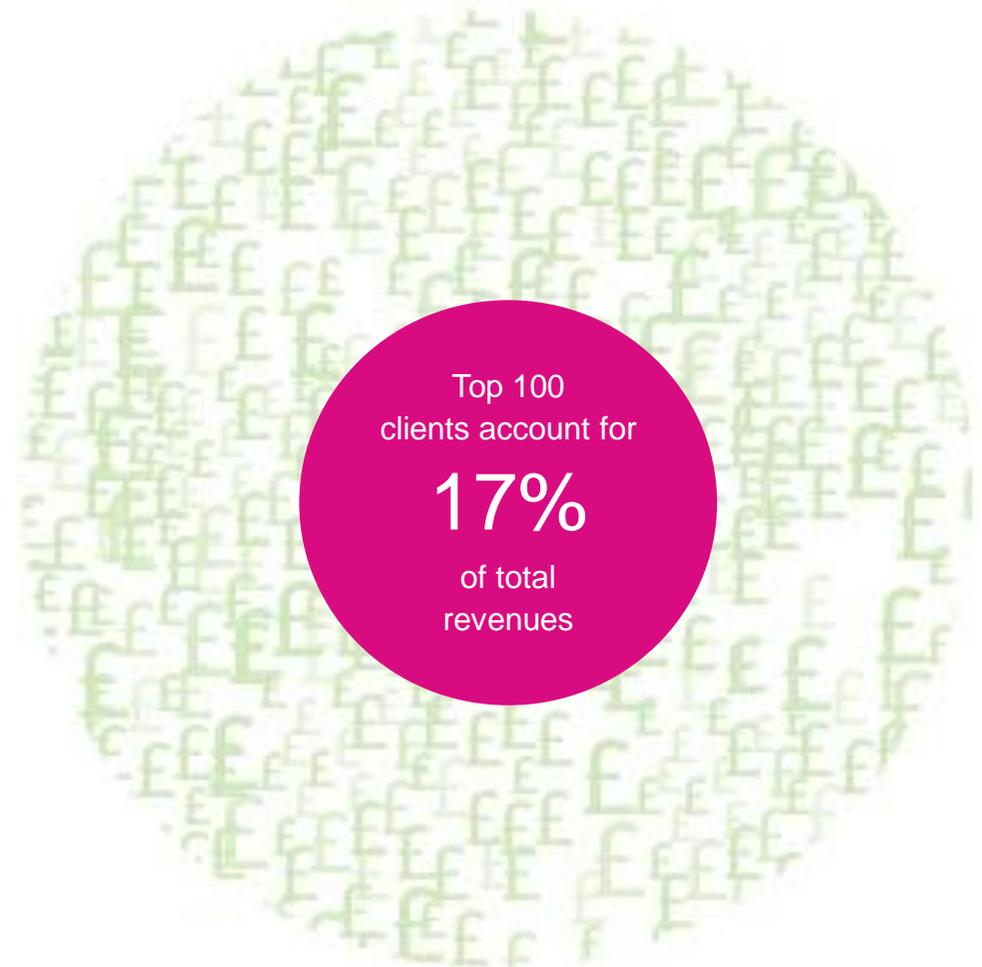
Low dependency on any one client

Largest client only represents 1.5% of revenue.

Proposed dividend of 0.2 pence per share

Subject to approval at the AGM.

Payable at the end of January 2015.



Key financials

Trading performance

Continuing Operations

	June '14 £'M	June '13 £'M	Growth %
Revenue	16.2	12.2	33
Cost of Sales	(1.5)	(0.9)	73
Gross Profit	14.7	11.3	30
Administrative Expenses	(11.1)	(7.3)	51
Operating profit	3.6	4.0	(9)
EBITDA	4.7	4.1	13.0

Statement of financials

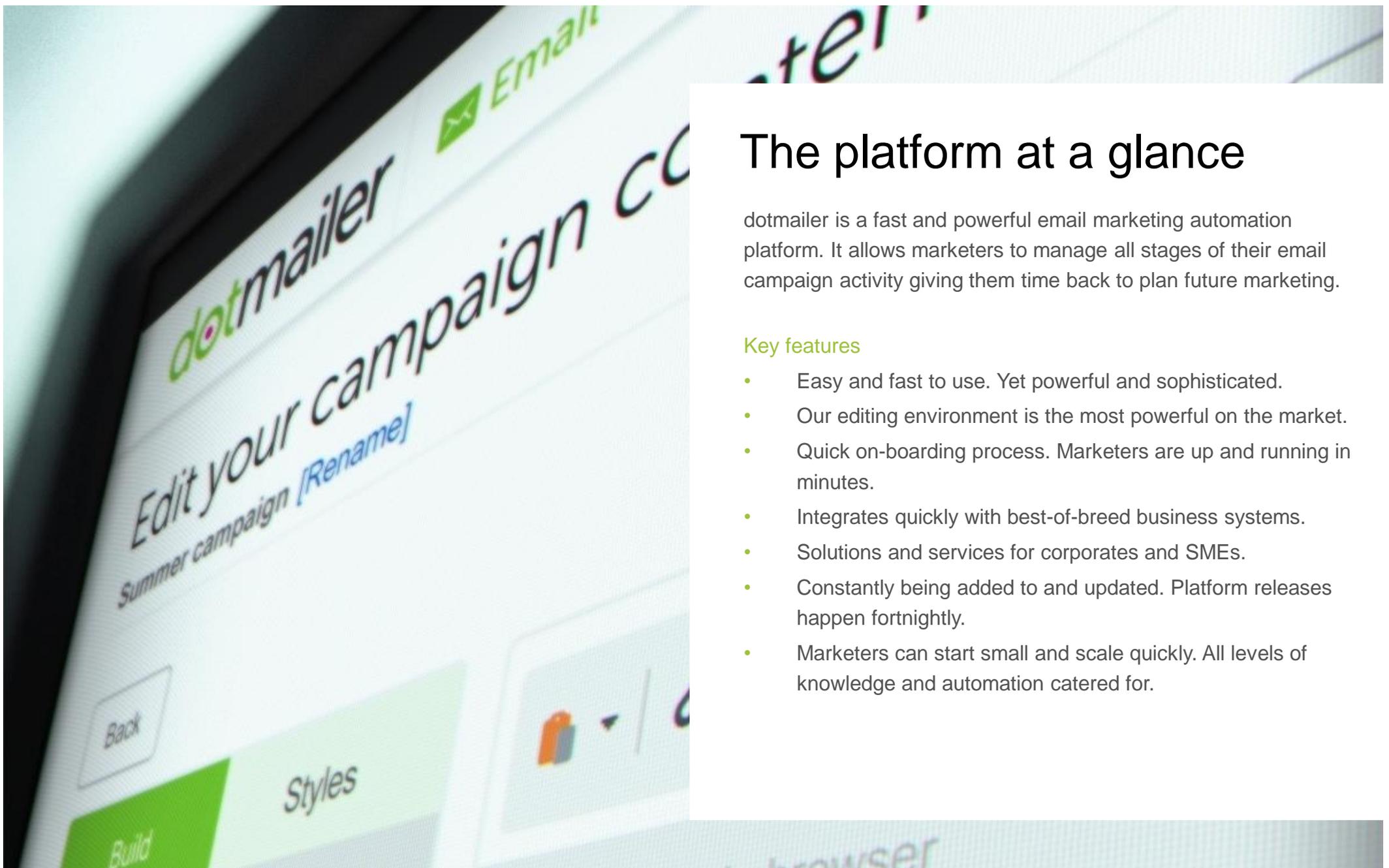
Position (Balance Sheet)

	June '14 £'M	June '13 £'M
Assets	4.4	3.5
Other Current Assets	3.7	2.9
Cash	9.3	6.1
Total Assets	17.4	12.5
Current Liabilities	3.2	1.8
Total Liabilities	3.2	1.8
Net Assets	14.2	10.7

Cashflow

	June '14 £'M	June '13 £'M
Net cash generated from operations	5.2	3.6
Net cash used in investing activities	2.0	1.6
Net cash generated from financing activities	-	0.1
Cash and cash equivalents at beginning of period	6.1	4.0
Cash and cash equivalents at end of period	9.3	6.1

dotmailer overview



The platform at a glance

dotmailer is a fast and powerful email marketing automation platform. It allows marketers to manage all stages of their email campaign activity giving them time back to plan future marketing.

Key features

- Easy and fast to use. Yet powerful and sophisticated.
- Our editing environment is the most powerful on the market.
- Quick on-boarding process. Marketers are up and running in minutes.
- Integrates quickly with best-of-breed business systems.
- Solutions and services for corporates and SMEs.
- Constantly being added to and updated. Platform releases happen fortnightly.
- Marketers can start small and scale quickly. All levels of knowledge and automation catered for.

Marketing automation the dotmailer way

dotmailer is a best-of-breed email marketing automation platform. It is enriched with features that allow marketers to create automated campaigns with just a few clicks

How dotmailer works

At the heart of all we do is data

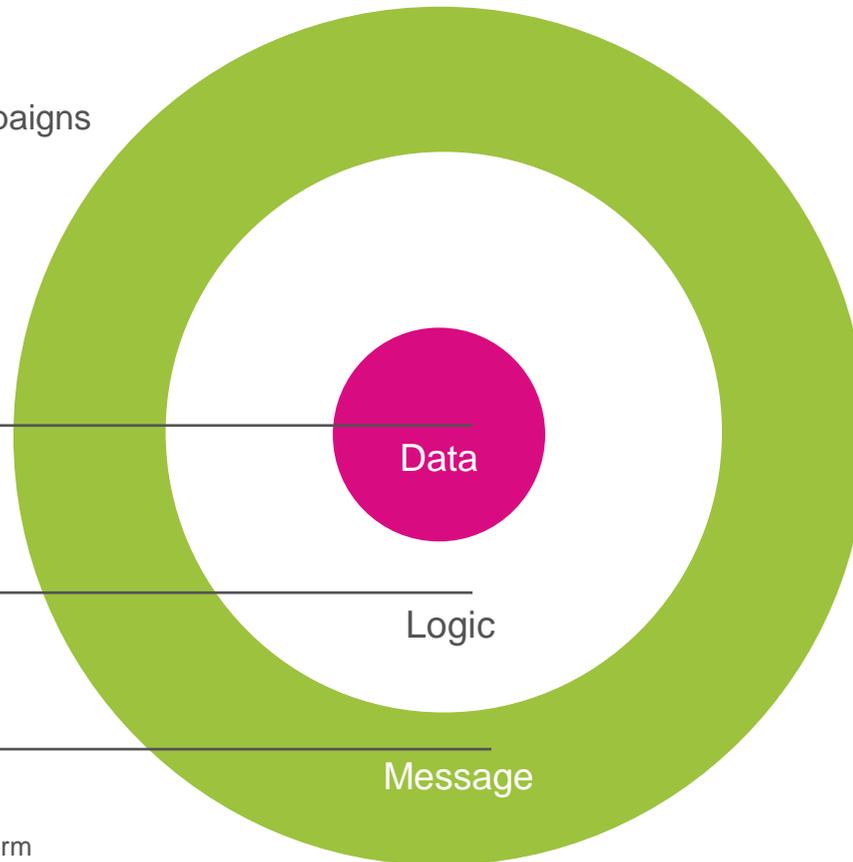
- Import data
- API
- CIM
- CRM

Then the clever bit of automation logic

- Segment & Triggers
- Transactional data
- Insight & Behavioral
- Lifecycle campaigns

And finally the delivery of the message

- Email
- API
- SMS
- CRM
- Social
- Ecommerce platform



And it's built to integrate seamlessly with other best-of-breed systems

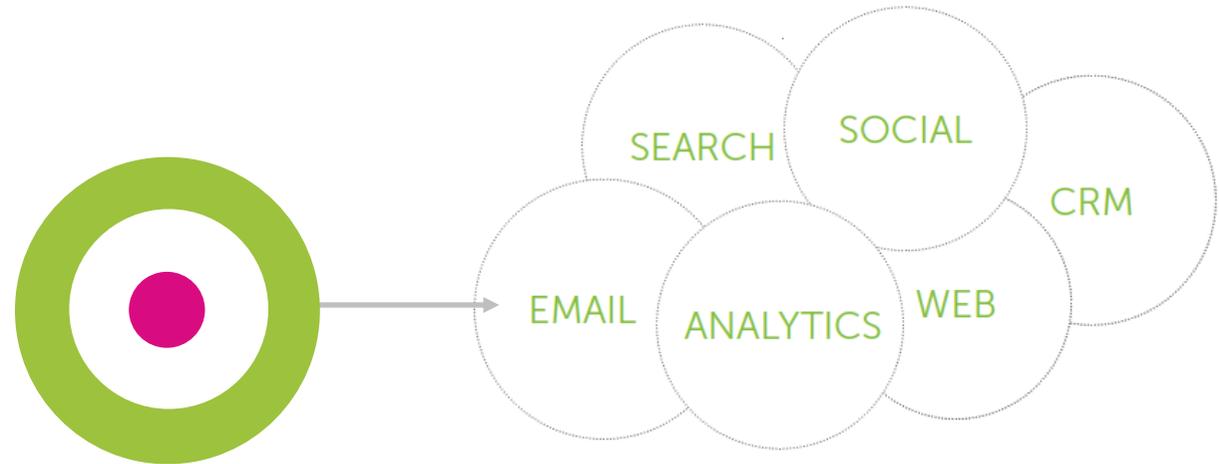
How we deliver what marketers want

dotmailer is a best-of-breed email marketing automation platform. It is built to play well with other best-of-breed systems.

A best-of-breed marketing cloud allows marketers to overcome technical issues with maximum control and flexibility whilst delivering value for money. Customers experience:

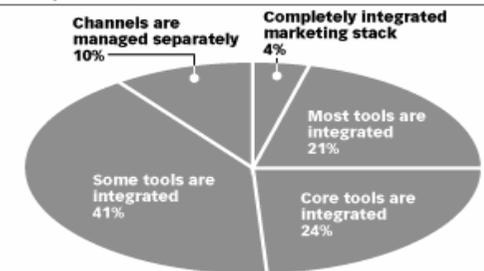
- Deeper expertise
- Faster innovation
- Greater extendability
- Better value

Best-of-breed integrated marketing cloud



86% of marketers want (or need) to work with an integrated marketing technology solution

Level of Integration of Marketing Technology and Data According to US Marketers, Sep 2014
% of respondents



Source: Signal, "Overcoming Barriers to Cross-Channel Success: Optimizing the Marketing Technology Stack," Sep 24, 2014

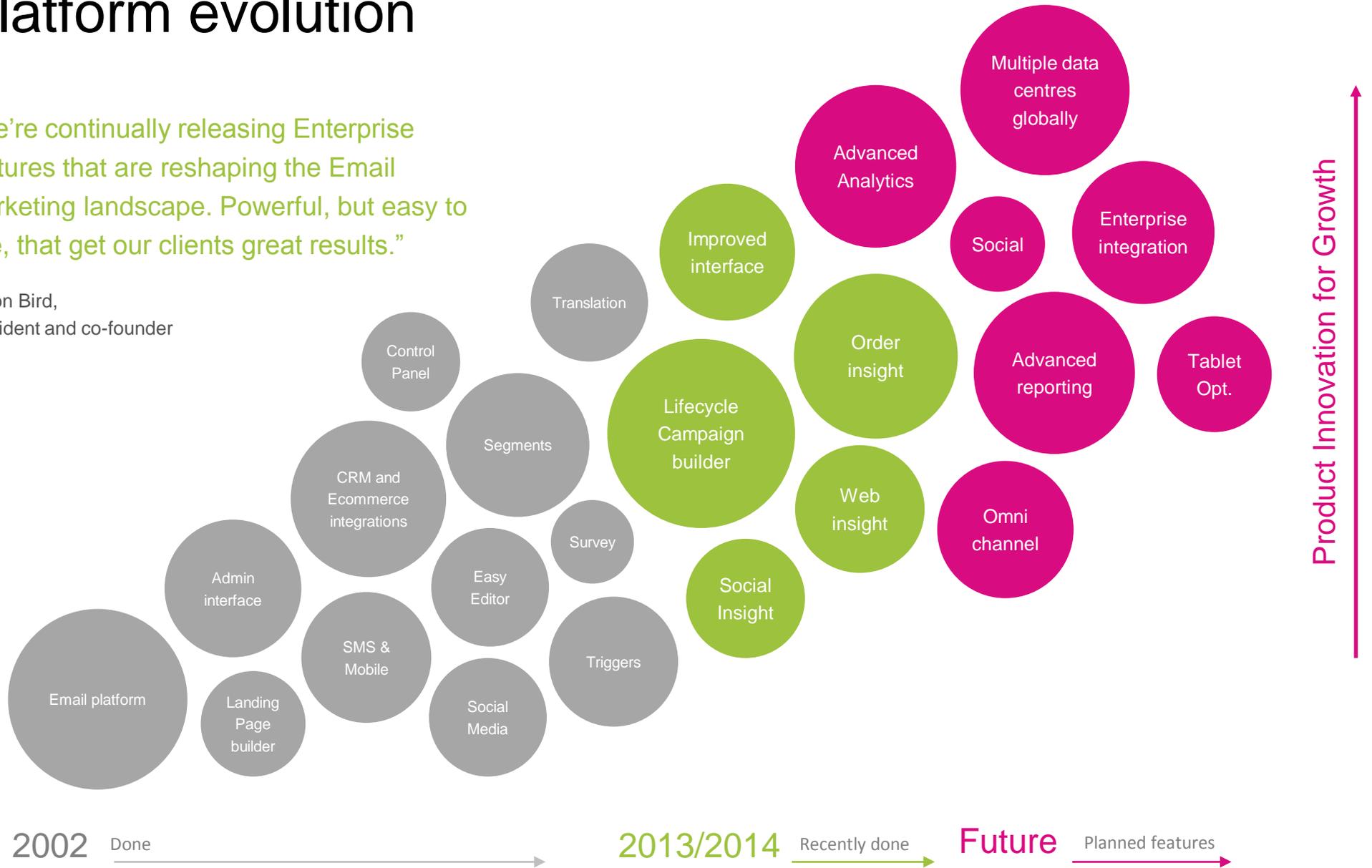
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www.eMarketer.com

Platform evolution

“We’re continually releasing Enterprise features that are reshaping the Email Marketing landscape. Powerful, but easy to use, that get our clients great results.”

Simon Bird,
President and co-founder



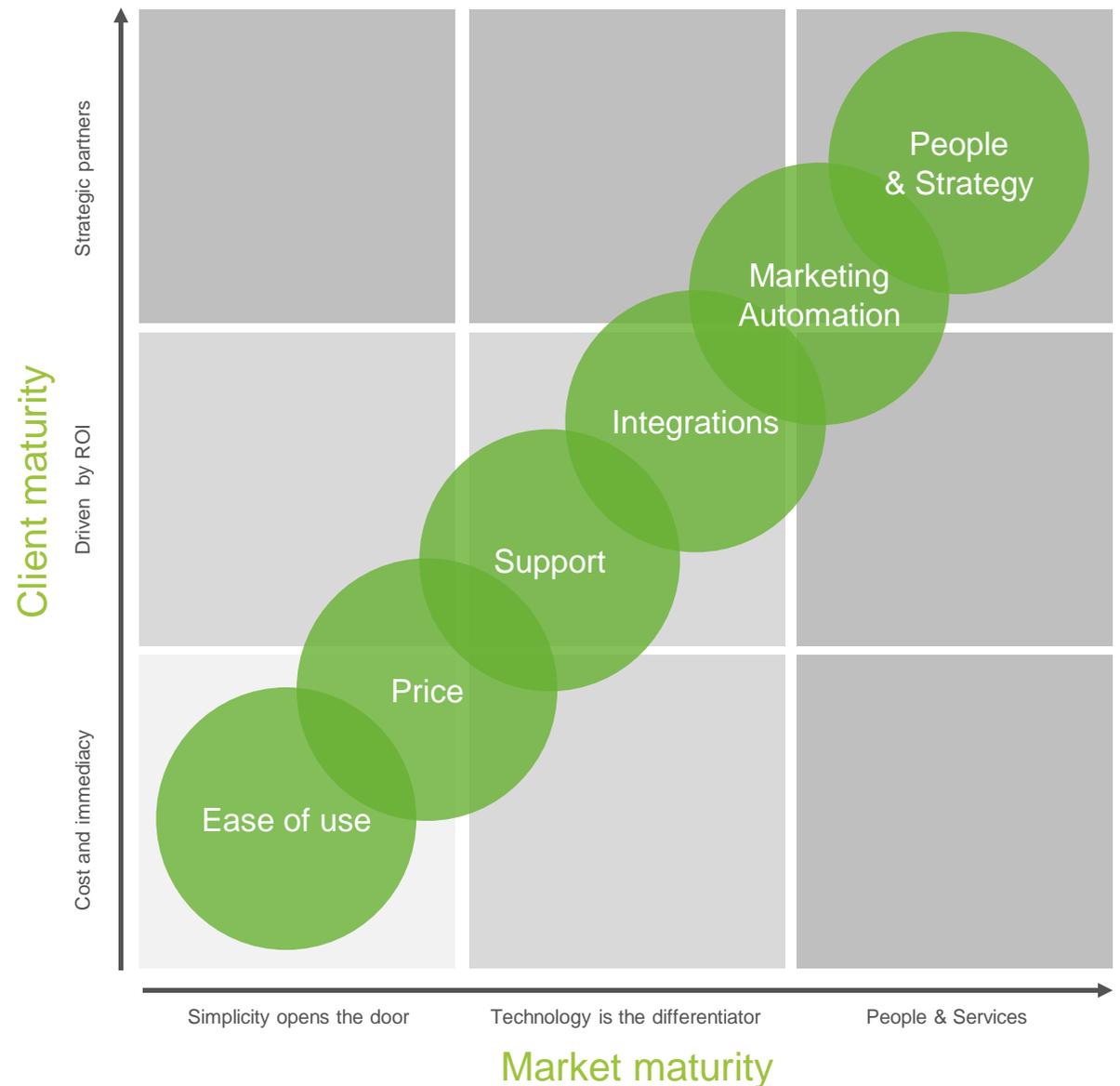
Sustainable differentiation strategy

From experience we know the areas that give us competitive advantage change over time as markets mature and clients get smarter.

Our product strategy is devised to allow us to maintain our competitive advantage in all areas, for all clients.

For simplicity we have created persona's to help communicate the changing requirements of our customers. These are represented by the shaded boxes in the diagram:

- = Start up Sally
- = Mid-size Martin
- = Enterprise Edward

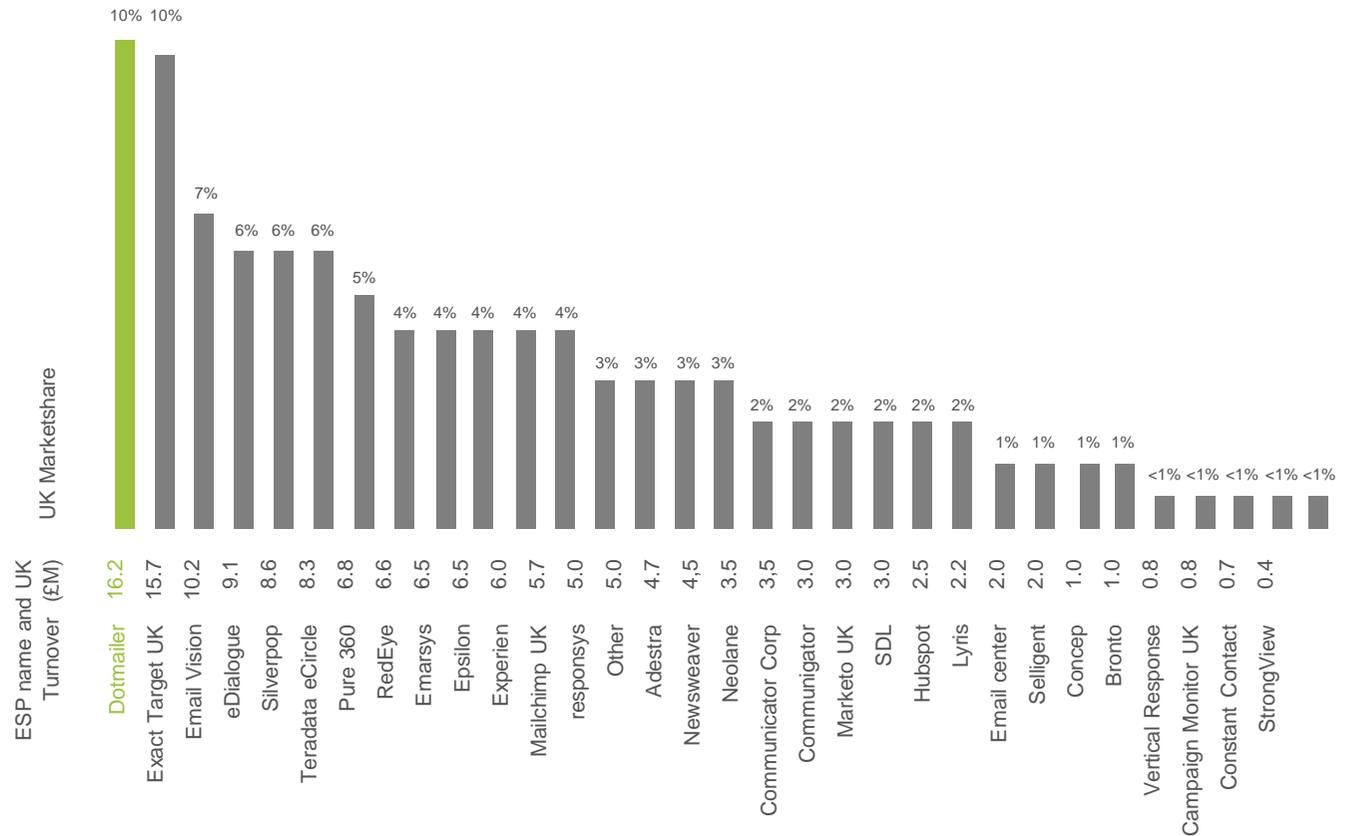


Estimated market share

Estimated addressable market for UK ESP is c£150-£170m*. Total market size of £495m estimated by Econsultancy includes Agency creative and in-house resources.

Highly fragmented market

dotmailer is the largest UK ESP with 10% of the Market Share

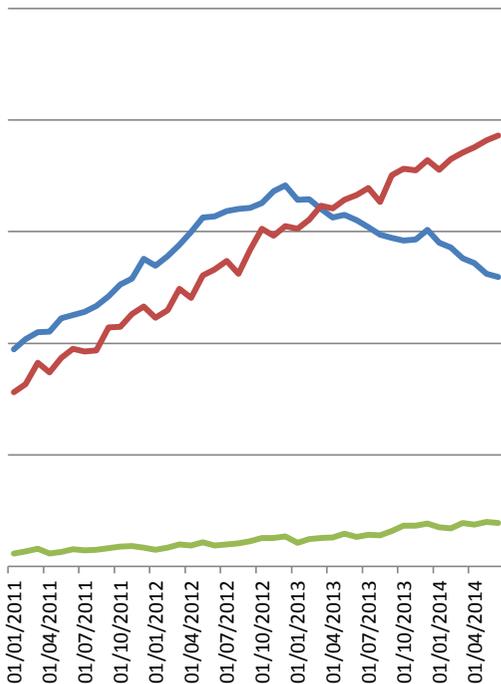


* Data obtained from Companies House (as at 12.10.2014) & email buyers Guide by Econsultancy

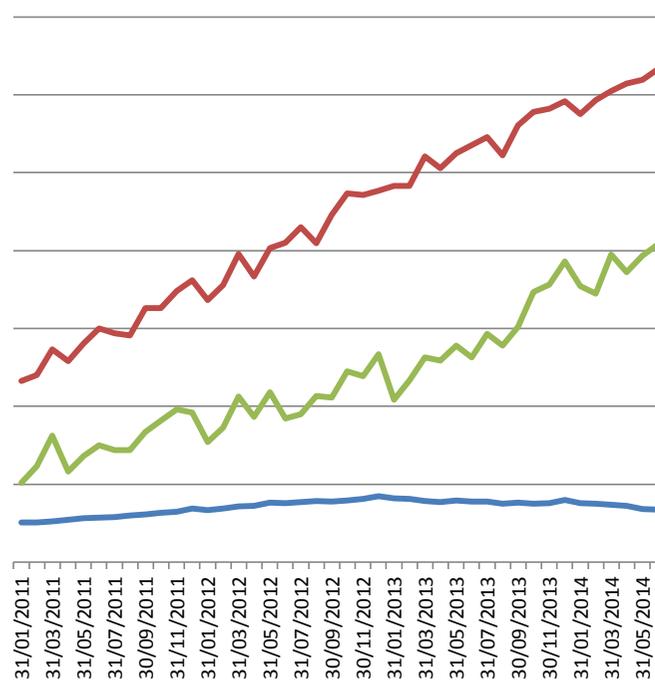
Core focus is the mid-market sector

Lifetime value of a mid market client is 10x that of the SME sector. Whilst sends volume are highest in the Corporate / Enterprise segments this tends to be at the expense of rates per million.

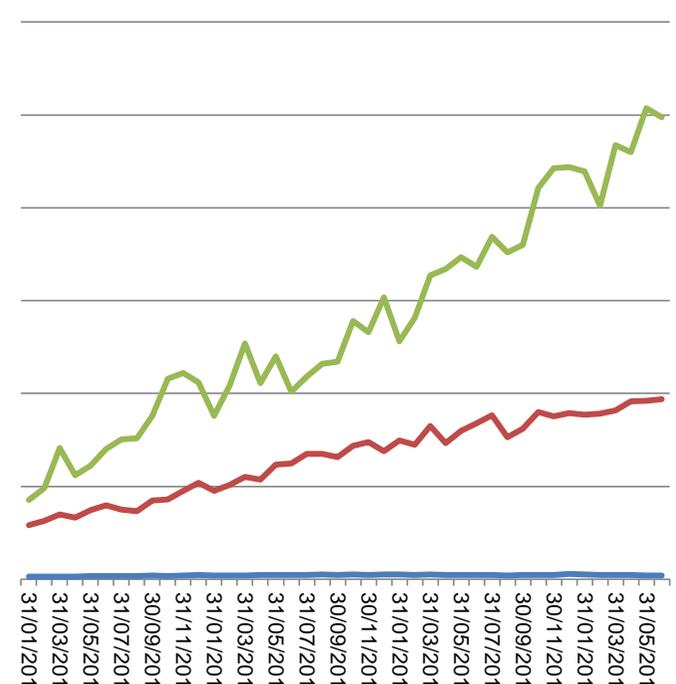
Customers by Band



Monthly Send Value per Band



Volume per Band



Key to all 3 graphs — 1-100 — 101 - 1000 — > 1001

Client list

dotmailer is the trusted email marketing partner of huge success stories. Here are a few of the companies we work closely with.

BBC worldwide
 Econsultancy
 Harveys
 Investec
 Osprey London
 BP International
 ITV
 Odeon Cinemas
 Ryman
 Balfour Beatty
 EDF Energy
 Nationwide
 Liverpool Victoria
 Verifone
 Copa Airlines
 Shortlist Media

Thorntons
 VAX
 Elemis
 Ladbrokes
 Vizio Inc
 Addison Lee
 Land Securities
 Hertz
 Randstad
 Fruit of the Loom
 Fraser Hart
 Johnson Cleaner
 Ryman
 McLaren
 Hays
 Duchamp



REISS



DOTMAILER CASE STUDY

Cabbages & Roses

Cabbages & Roses does over two-thirds of its business online and considers effective customer communication to be one of its key differentiators. The company sought an email platform that could be fully integrated with its Magento ecommerce website solution, and would be effective, easy to use and reliable. They selected dotmailer and are delighted with the result.

“We found that after just a year, the ROI on web sales compared to the campaign costs is over 5,500%.”

Holly Leigh-Harvey,
Operations Director, Cabbages & Roses



Future focus

Future goals and strategy

Our goals and strategy for 2014/2015 is a continuation of the three-year strategic plan launched in October 2013. It aims to deliver shareholder value by profitable growth and product innovation.

It covers 4 key areas:



Accelerated investment: People

WHAT WE SAID WE WERE GOING TO DO

Invest £3m by adding more in headcount to scale and grow the business in the following areas:

- Sales & Account Management
- Product Development & IT Infrastructure
- Marketing
- Professional Services

WHAT WE'VE ACHIEVED SO FAR

We have made a number of strategically important hires into the senior management team in order to sustain our growth.

- HR Director
- Marketing Director
- IT Director
- Customer Experience Director
- Executive Vice-President US Operations

Outside of this we have added further to our high-performing team.

- 17 in Sales & Account Management in the US & UK (£0.9m)
- 12 in Product, Development and IT Infrastructure (£0.8m)
- 4 in Marketing (£0.4m)
- 6 in Professional Services (£0.4m)
- 2 in HR & Finance (£0.1m)
- Total annualised investment of £2.6m
- Total committed revenue signed from the Sales & Account management team was £1.2m

Accelerated investment: Branding, platform and technology

WHAT WE SAID WE WERE GOING TO DO

Continue to develop our email marketing automation platform to maintain competitive advantage by investing in the following areas:

- Rebrand the company
- Launch new features to the platform
- Expand the range of services offered by the Professional Services.

WHAT WE'VE ACHIEVED SO FAR

Successfully rebranded and repositioned the company

- Increased appeal to mid market and corporate prospects.
- Improved the application interface – now even faster and easier.
- Marketing approach and collateral overhauled.

£1.4m invested in platform improvements

- New features include Magento Connector, Lifecycle management tool, Web Insight, Order Insight and Social Insight
- Improved scalability and resilience to cater for the Mid and Large corporate client.
- Multiple integrations launched including Windsor Circle.

Professional services delivering rapid increase in revenue

- Revenue grown from £0.8m to £1.8m – a 125% growth.
- Services now used by clients include Strategy, Deliverability, Campaign Management and Design Services.

Accelerated investment: Business improvements

WHAT WE SAID WE WERE GOING TO DO

- Increase % of clients on contracts
 - Increase average order values
 - Increase total recurring revenue
 - Invest in international markets
 - Winning/retaining more mid size to large corporates
-
- Continue to look at earnings enhancing acquisitions

WHAT WE'VE ACHIEVED SO FAR

New clients signing up on contracts increased from **74% to 81%**

Total percentage of clients on contracts increased from **75% to 78%**

AOV from new clients increased from **£295 to £460**

Total recurring revenue (inc. service related) increased from **76% to 78%**

Several business evaluated in the last year. None judged suitable to deliver long-term shareholder value.

US office

- Traction through partnerships & brand awareness.
- 10 people in the office.
- 111 new customers signed in the year.
- Average spend of \$3k setup and implementation fee & \$719 average recurring spend per month.
- Revenues from the US region increased from \$0.4m to \$1.4m.
- Monthly Recurring Revenue run rate up by 288%.
- Recent client wins include Vizio, Copa Airlines, Laura Devine, Wine Enthusiast, Creditsafe USA, Alex Woo, Duff and Phelps Investment Management Co. & Cantor Fitzgerald.



2% of total revenues from the US in 2013



9% of total revenues from the US in 2014



“I want to congratulate you. You have a lot to be proud of.”

Carly Rachman
Partner Development Manager
Magento

Outlook

Key strategy focused on continued strong organic growth, through:

- Continued investment in international markets through strategic channel and integration partnerships.
- Continued investment in research and development to maintain dotmailer's cutting edge marketing automation platform features.
- Winning and retaining corporate and mid-size clients with high life time values.

Strong Growth Rationale

- Large & growing market.
- Widespread industry acceptance of email's ROI.
- High levels of brand awareness.
- Very strong product.
- Experienced management team.
- Good operational leverage.
- High margins.
- High levels of contracted recurring revenue.

Q1 Progress

- Revenues inline with the plan.
- Larger monthly spend commit.
- Signing up new international partners.
- Continued strong uptake of Magento connector.
- Growing confidence in the market.
- Digital marketing budgets continuing to rise.
- US revenues set to continue build.



Conclusion

2013/14 financial performance in line with the plan.

dotmailer continues to be the platform of choice for the discerning marketer.

Future outlook remains promising with continued strong global growth.

Disclaimer

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Appendix

dotmailer for Magento

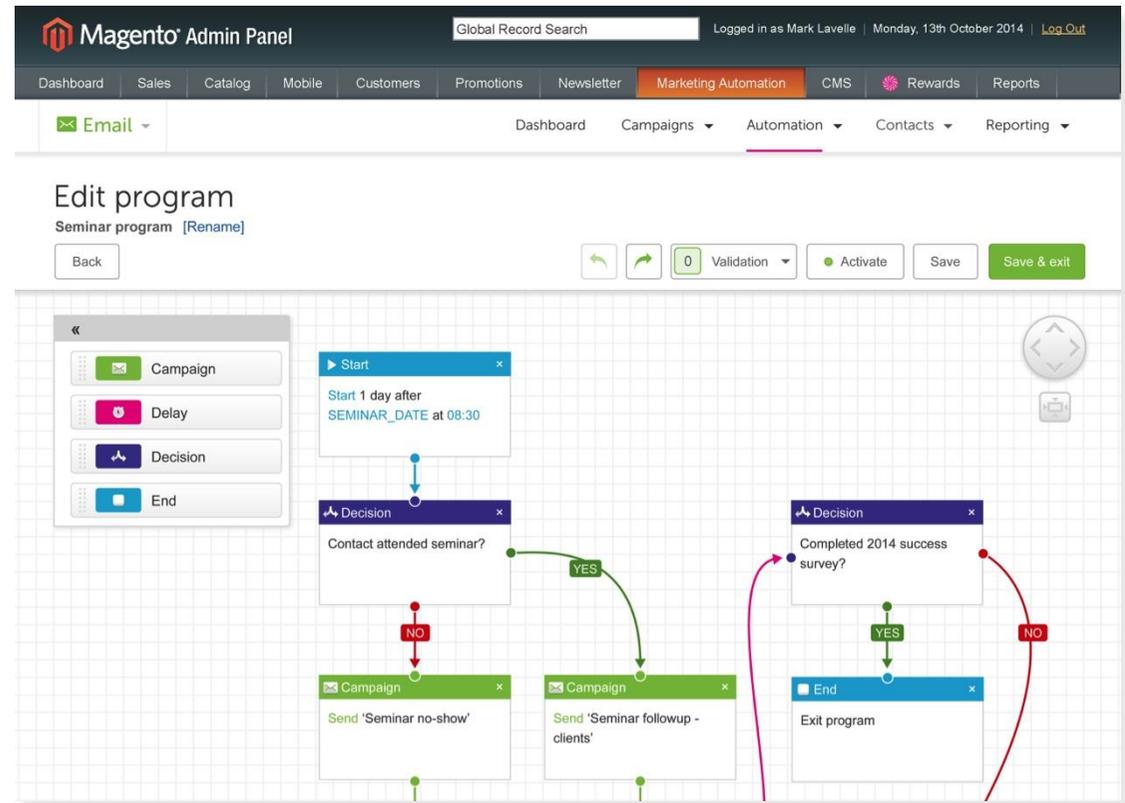
The solution at a glance

At a glance

- Officially launched in Sept '13
- The avg. monthly spend per customer is £700
- Full time development team
- Over 100 customers

Features include

- Synchronise all customer data inc. customer orders and wish lists
- Segment and automate email triggers on sales information
- Dynamic product recommendations and coupon codes



Dotmailer, fully baked into Magento



We are one of just four email marketing Magento Gold Technology Partners globally

Customers include

Lola.Rose LONDON

worlddutyfree

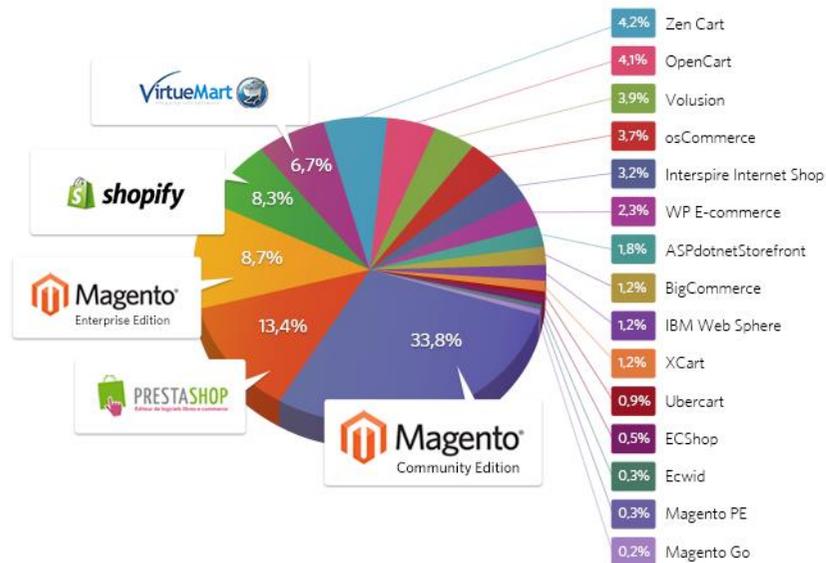
ELEMIS HEAL'S

dotmailer for Magento

Reasons for confidence

Opportunity size

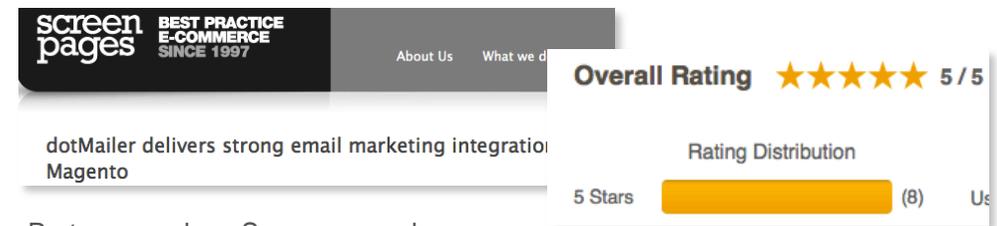
- Magento is the most popular ecommerce platform in the world.
- Magento market share continues to grow.
- Magento is part of Ebay Enterprise.



This study is based on Alexa 1 Million Top sites examination and provides percentage ratio of sites, which use different e-commerce platforms.

The quality of our integration

Widespread industry recognition from partners and clients that ours is the market leading email marketing Magento integration.



Partners, such as Screenpages, have tried, tested and used it and testify to it being the strongest on the market

Independent reviewers on Magentocommerce.com have rated it as 5 out 5 stars

“The dotmailer extension is one of our most popular extensions and we love partnering with you guys.”

Shawn Chen
Magento & Ebay Enterprise